

## **AUDIT COMMITTEE TERMS OF REFERENCE**

1. To advise the governing body on the adequacy and effectiveness of the FE college's system of internal control and its arrangements for risk management, control and governance processes, and securing economy, efficiency and effectiveness (value for money).
2. To advise the governing body on the appointment, re-appointment, dismissal and remuneration of the financial statements auditor and the internal audit service.
3. To advise the governing body on the scope and objectives of the work of the financial statements auditor, funding auditor and the internal audit service.
4. To ensure effective co-ordination between the internal audit service, funding auditor and financial statements auditor, including whether there should be reliance placed on the work of the funding auditor for internal audit purposes.
5. To consider and advise the governing body on the audit strategy and annual internal audit plans for the internal audit service.
6. To advise the governing body on internal audit assignment reports and annual reports and on control issues included in the financial statements auditor's and all funding auditor's management letters, and management's responses to these.
7. To monitor, within an agreed time-scale, the implementation of agreed recommendations relating to internal audit assignment reports, internal audit annual reports, funding auditor's management letters and spot check reports and financial statements auditor's management letter.
8. To consider and advise the governing body on relevant reports by the National Audit Office, The Skills Funding Agency and other funding bodies and, where appropriate, management's response to these.
9. To establish, in conjunction with college management, relevant performance measures and indicators, and to monitor the effectiveness of the internal audit service and financial statements auditor through these measures and indicators.
10. To produce an annual report for the governing body and accounting officer which includes the Committee's advice on the effectiveness of the College's risk management, control and governance process. The report should incorporate any significant matters arising from the work of the internal audit service, the funding auditors and the financial statements auditor.
11. To ensure that all allegations of fraud and irregularity are properly followed up.
12. To receive reports on any additional services undertaken by the Internal Audit Service, the financial statements auditors, and the funding auditors.

13. To exercise its role, the Audit Committee is empowered to:
  - a) investigate any activity within its terms of reference;
  - b) seek any information it requires from the internal audit service, the external auditor, Corporation Members, Committees and College employees, plus relevant information from sub-contractors and other third parties;
  - c) obtain external professional advice.

#### **MEMBERSHIP**

The membership of the Committee will comprise a minimum of 3 persons and a maximum of 5. The Corporation may co-opt appropriate individuals with relevant experience on to the Committee. The Principal and Senior Staff of the College, Corporation Chair and members of the Finance Committee are not eligible to serve on the Committee.

#### **QUORUM**

The quorum for meetings of the Audit Committee will be two, both of whom should be Corporation Members (excluding the Principal if in attendance).

#### **COMMITTEE CHAIR**

1. The Committee will elect a Chair from their number in accordance with the procedure as specified in the Standing Orders of the Corporation. The term of office for the Committee Chair will normally be two years unless a vacancy occurs, when the post will be filled for the outstanding period of office of the outgoing Chair.
2. The Committee will not normally appoint a Vice-Chair.
3. If the Committee Chair is not present at the meeting, the members will elect a Chair for the meeting from amongst their number.
4. The head of internal audit, the financial statements auditor and the funding auditor have a right of direct access to the Chair of the Audit Committee and also the right to ask the Chair to convene a meeting, if necessary, with or without other participants.
5. If the Chair is not a member of the Corporation, the Committee will agree a member to present the minutes at Corporation meetings.

#### **CLERKING ARRANGEMENTS**

The Clerk to the Corporation will ensure that appropriate clerking arrangements are in hand for the Committee. Normally this will be the Clerk to the Corporation.

#### **FREQUENCY OF MEETINGS**

1. The Audit Committee to meet at least three times per year in advance of the termly meeting of the Corporation and at such other time or place as may be determined by the Chair.
2. The Chair of the Audit Committee is authorised to take appropriate action as necessary in accordance with these Terms of Reference and the College Standing Orders.

#### **STANDING ORDERS**

The Corporation Standing Orders will apply to the running of the Committee as appropriate.

#### **REVIEWED DECEMBER 2003**